

James W. McKeehan  
Attorney

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6612 Owens Drive  
Pleasanton, CA 94588  
(415) 734-0853

January 12, 1990

DiGiulio Pontiac, GMC, Inc.  
Attention: RICH DIGIULIO  
4411 Peralta Boulevard  
Fremont, California 94536

Tasha Incorporated  
Attention: HANK TORIAN  
4074 Eggers Drive, #G  
Fremont, California 94536

Moran Properties  
Attention: JIM MORAN  
4343 Peralta Boulevard  
Fremont, California 94536

Don Signer Buick, Inc.  
Attention: DON SIGNER  
38623 Fremont Boulevard  
Fremont, California 94536

Claridges Limited  
Attention: TOM CLARIDGE  
4300 Peralta Boulevard  
Fremont, California 94536

Fremont Mazda  
Attention: FRANK MEADS  
4450 Peralta Boulevard  
Fremont, California 94536

Pierotti Motors, Inc.  
Attention: HANK PIEROTTI  
35018 Fremont Boulevard  
Fremont, California 94536

Fremont Lincoln-Mercury  
Attention: MARK HAMILTON  
36761 Fremont Boulevard  
Fremont, California 94536

RE: Auto Mall

Gentlemen:

This will confirm the discussion and understandings that were reached at your meeting of January 11, 1990. Attending the meeting were all of the people addressed above.

1. The first thing that was agreed upon in principal was the Avanesian Site Plan A. All of the dealers agreed with the loop street concept, the general size and location of the dealerships. The details of the plan will be refined during the development process but conceptually all of the dealers found the plan acceptable. Jim Salter advised all the dealers that Santa Fe had reviewed the land plan and approved it but there approval was subject to all of the dealers closing escrow on their respective lots on April 1, 1990. It doesn't matter whether you close escrow with an all cash payment, your own financing or the Santa Fe provided financing, but it is necessary that all dealers close escrow.

2. To assure that all the dealers are serious, it was agreed that each Dealer would deposit into my trust account the sum of \$50,000.00. It is intended that the \$50,000.00 guarantee (a) the Dealer's approval in concept of Avanesian's Site Plan A; and (b) the Dealer's willingness to negotiate in good faith to execute with Santa Fe a Buy-Sell Agreement for their parcel in the Mall. Any dealer who fails to do (a) or (b) will be in default of their commitment to the other Dealers. At that time, the other Dealers will have the right to use the \$50,000.00 to pay all costs associated with any redesign or damages suffered as a result of the Dealer's default.
3. It is my intent to deposit the checks into my trust account. The commitments made in this letter will only become binding when all of the dealers have executed the letters and returned them to me. Once that is done, the money will remain in the trust account until all dealers have entered into purchase agreements with Santa Fe. If the dealers are not able to execute satisfactory Purchase Agreements, then the money will be returned. If they are able to execute satisfactory Purchase Agreements, then the money will be returned to the dealers so that it can be used as a portion of the deposit required by Santa Fe under each respective Purchase Agreement.
4. You have authorized Jim Salter to move forward with the necessary engineering for the new design and for Jim and I to move forward with the negotiations with the City and with Santa Fe to conclude the transaction based on the land plan you have approved.

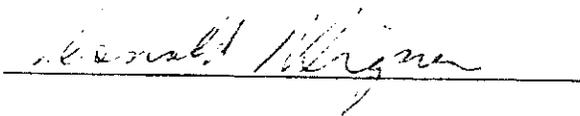
If you are in agreement with the concepts outlined above, please sign below and return an original of this letter to me. If you are not, please advise me at your earliest convenience. Your cooperation is appreciated.

Yours truly,

  
JAMES W. MCKEEHAN

JWM/yml

THE ABOVE IS AGREED TO BY THE UNDERSIGNED:

  
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